



No. 51

November 11, 2003

S. 1584/H.R. 2861 – Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, FY 2004

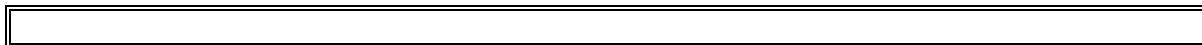
Calendar No. 273

S. 1584 was reported by the Committee on Appropriations as an original bill on September 5, 2003 by a vote of 29-0; S. Report 108-143.

Noteworthy

- The Senate may begin consideration of S. 1584, the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill for FY 2004, this week.
- S. 1584 provides \$122.74 billion in total FY 2004 budget authority (\$90.03 billion in discretionary budget authority and \$32.71 billion in mandatory spending). The Committee recommendation is \$599.8 million above the President's budget estimate, and \$3.99 billion above the FY 2003 enacted level.
- The Committee makes veterans programs its highest priority, recommending \$26.79 billion for **veterans medical care**, an increase of \$2.87 billion over the FY 2003 enacted level and \$1.57 billion above the budget request. The amount includes \$1.3 billion in contingent emergency funds that would have to be specifically requested by the President.
- The bill provides \$272.7 million for major **VA construction projects**, including \$183 million for projects approved through the Department's Capital Asset Realignment for Enhanced Services (CARES) program.

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- The Committee recommends \$18.43 billion for the **Housing Certificate Funds**, which mainly provides funding for Section 8 programs, and it rejected the Administration’s request for a separate, \$12.54 billion “Housing Assistance for Needy Families” block-grant account.
 - The bill provides \$15.3 billion for **NASA**, a decrease of \$130 million from the budget request and equal to the FY 2003 funding level. The Committee has modified the account structure as proposed under the budget request by NASA into two newly created accounts: Science, Aeronautics and Exploration, and Space Flight Capabilities. The Committee also directs NASA to submit a comprehensive plan within four months of enactment of this Act that will respond to the Columbia Accident Investigations Board (CAIB) report.



Highlights

S. 1584 makes appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 2004. The bill is organized into four areas by title, to include:

-Title I:	Department of Veterans Affairs	\$62.02 billion
-Title II:	Department of Housing and Urban Development	\$36.09 billion
-Title III:	Independent Agencies	\$30.13 billion
-Title IV:	General Provisions	

This diverse, broad appropriations bill covers veterans, public and assisted housing (HUD), as well as independent agencies such as the Environmental Protection Agency (EPA), the National Aeronautics and Space Administration (NASA), the National Science Foundation (NSF), and many others.

- **Veterans’ Funding.** In all, the bill provides \$62.02 billion for the Department of Veterans Affairs, which is \$3.92 billion above the FY 2003 amount, and \$1.31 billion above the budget request; the amount includes \$32.71 billion in mandatory spending and \$29.31 billion in discretionary funding.
- **Department of Housing and Urban Development.** In all, the bill provides \$36.09 billion for the Department of Housing and Urban Development, which is \$877 million over last year’s enacted amount and \$158 million above the budget request.
 - **Housing Funding.** The Committee provides significant funding for all HUD programs. The \$18.43 billion allocated for the Housing Certificate Funds (including an advance appropriation of \$4.2 billion for FY 2005 and \$1.37 billion

in funds rescinded from unobligated balances in previous years) will provide the necessary funding for all section 8 contracts in a manner consistent with the implementation of the Section 8 program in the VA/HUD fiscal year 2003 Appropriations bill. The committee rejected the Administration's request for a separate, \$12.54 billion "Housing Assistance for Needy Families" block-grant account.

- **Environmental Protection Agency (EPA).** The Committee provides \$8.18 billion for the Environmental Protection Agency, an increase of \$552 million from the budget request and an increase of \$104 million from the current-year level.
 - **Superfund** receives \$1.2 billion (\$125 million less than the President's request, and \$41 million more than FY 2003); the **Leaking Underground Storage Tank Program** receives \$72.5 million (same as the budget request and \$702,000 more than FY 2003); **Oil Spill Response** receives \$16.2 million (same as the budget request and \$729,000 more than FY 2003); **State and Tribal Assistance Grants (STAG)** are funded at \$3.8 billion (\$692 million more than the budget request and \$21 million less than FY 2003).
- **NASA.** The bill provides \$15.34 billion for NASA, a decrease of \$130 million from the budget request and equal to the FY 2003 funding level. The Committee has modified the account structure as proposed under the budget request by NASA into two newly created accounts: **Science, Aeronautics and Exploration**, and **Space Flight Capabilities**. The Committee also directs NASA to submit a comprehensive plan within four months of enactment of this Act that will respond to the Columbia Accident Investigations Board (CAIB) report.
- **National Science Foundation.** The bill provides a total of \$5.6 billion to reaffirm support of scientific research and education, an increase of \$104.5 million from the budget request and an increase of \$276 million from the FY 2003 funding level.
- **Corporation for National and Community Service.** The bill provides \$453 million for the Corporation, which constitutes an increase of \$100 million from FY 2003, but a decrease of \$113 million from the budget request. This appropriation includes \$340 million for **AmeriCorps** (not including the National Civilian Community Corps), which is \$67 million above the FY 2003 level and \$93 million below the budget request.
- **Other Independent Agency Funds.** Other major expenditures include \$115 million for the **Neighborhood Reinvestment Corporation**; \$70 million for the **Community Development Financial Institutions Fund**; \$152 million for the Department of Health and Human Services (HHS) **National Institute of Environmental Health Sciences** and the HHS **Agency for Toxic Substances and Disease Registry**; \$35 million for the **American Battle Monuments Commission**; \$60 million for the **Consumer Product Safety Commission**; \$31 million for the **Federal Deposit Insurance Corporation**; and \$26 million for the **Selective Service System**.

House Action

The House of Representatives approved its FY 2004 Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations bill, H.R. 2861, on July 25, 2003, by a vote of 316–109. The House bill provides \$126.94 billion, an amount which is \$598 million more than the President’s request, but \$1.3 billion below S. 1584.

Bill Provisions

Veterans Affairs (VA)

Total Funding: The Committee has provided a total of \$62.02 billion for VA, including \$32.71 billion in mandatory spending and \$29.31 billion in discretionary spending. The amount for discretionary activities is \$1.31 billion more than the budget request and represents an increase of \$2.8 billion from the FY 2003 enacted level, due primarily to an increase in medical care and compensation and pensions.

Compensation and Pensions: The bill provides \$29.85 billion, which is the same as the budget request and an increase of \$896 million from the FY 2003 enacted level.

Medical Care: The Committee recommends an appropriation of \$26.8 billion for medical care, an increase of \$2.9 billion over the FY 2003 enacted level and \$1.57 billion above the budget request. The Committee has designated \$1.3 billion as contingent emergency funds that require a specific request by the President, and has recaptured \$270 million in prior-year recoveries for medical care use. In addition, the VA has authority to retain co-payments and third-party collections, estimated to total \$1.56 billion in FY 2004. The Committee recommendation represents total resources for medical care of \$28.35 billion.

Medical and Prosthetic Research: This account provides funds for medical, rehabilitative, and health services research. The bill provides \$413 million for medical and prosthetic research, which is \$5 million above the budget request and \$16 million above FY 2003.

Construction Projects: The bill provides an appropriation of \$273 million for major construction projects, an amount which is \$174 million above FY 2003 and the same levels as the budget request. Included in major construction projects, the Committee recommends \$183 million for projects approved through the Department’s Capital Asset Realignment for Enhanced Services (CARES) program, and notes it remains strongly committed to the CARES program. The Committee also provides \$252 million for minor construction projects, which is the same as the budget request and \$27.6 million above FY 2003.

Grants for Construction of State Extended Care Facilities: The bill includes \$102 million for grants for the construction of State extended care facilities, an increase of \$3 million from last year’s enacted level, and the same as the budget request.

Departmental Administration: The bill appropriates \$1.28 billion for general operating expenses, an increase of \$37 million over last year and equal to the requested level.

Housing and Urban Development (HUD)

Total Funding: The Committee has provided a total of \$36.09 billion for the Department of Housing and Urban Development, which is \$877 million over last year's enacted amount and \$158 million above the budget request.

Housing Certificate Fund: The Committee recommends \$18.43 billion, \$600 million less than the request, and \$1.3 billion above FY03 levels. The Committee has allocated \$16.2 billion for the renewal of all expiring section 8 contracts. Following the finding approach outlined in the FY03 appropriation, Public Housing Authorities (PHAs) will receive funding from HUD for all section 8 contracts that are currently in use and HUD will maintain a central fund to provide additional section 8 funds for PHAs that can fund additional section 8 voucher units up to the authorized contract level renewal of all expiring Section 8 vouchers.

Housing Assistance for Needy Families: To support the Section 8 account, the Committee rejected the Administration's "Housing Assistance for Needy Families" account proposal, which is designed as a transition account to allocate section 8 voucher funding to States through a block grant. Under this proposal, HUD would have continued to administer a Section 8 project-based housing assistance program. According to the Senate report, the Committee "agrees with the philosophical approach of the Administration that States and localities are in a better position to understand and meet the local housing needs of low-income families." However, it goes on to note that "the funding level proposed by the Administration in this proposal is inadequate to meet the State and local housing needs of low-income families and is likely to result in a large funding shortfall and an unfunded mandate over the foreseeable future."

Public Housing Capital Fund: The bill provides \$2.64 billion for modernization and capital needs of public housing authorities (the same amount as the request, and \$71 million less than last year).

Public Housing Operating Fund: The bill recommends \$3.58 billion (the same as the FY03 enacted amount and \$3 million more than the budget request) for the Fund. The recommendation includes language from the FY03 appropriations bill that prohibits the use of operating funds to pay for the operating expenses for a prior fiscal year.

Revitalization of Severely Distressed Public Housing (HOPE VI): The Committee appropriates \$195 million for this account (\$376 million below last year's level) and extends the program for three years. The Administration had slated the program for elimination.

Native American Housing Block Grant: The Committee recommends \$647 million (same as the budget request and \$2 million more than last year) for the Native American housing block grants to help Indian Tribes address their housing needs within their communities.

Housing Opportunities for Persons with AIDS (HOPWA): An appropriation of \$291 million is provided, \$6 million less than the budget request and \$898,000 above last year's appropriation.

Office of Rural Housing and Economic Development: The Committee recommends an appropriation of \$25 million to support housing and economic development in rural communities as defined by USDA and HUD. This funding level is the same as last year; the Administration did not request funds for this account.

Urban Empowerment Zones/Enterprise Communities: The Committee provides no funding for this program, which is \$30 million less than last year. This program was enacted as part of the Taxpayer Relief Act of 1997, and the Committee believes that funding for this program is misplaced in this bill, and should be provided through the Finance Committee as mandatory funding as originally envisioned.

Community Development Fund: The bill provides \$4.95 billion for the Community Development Block Grant (CDBG) Program, \$234 million more than the budget request and \$45 million more than last year.

Home Investment Partnerships Program: This program, which provides assistance to states and local governments for the purpose of expanding the supply of affordable housing, is funded at \$1.98 billion (\$12 million less than last year and \$222 million less than the budget request). The recommendation includes \$50 million for the Administration's proposed American Dream Downpayment Fund. However, the Committee remains concerned that this program lacks authorization and may be implemented by States and localities as an eligible HOME activity.

Homeless Assistance Grants: The bill provides \$1.33 billion (\$108 million more than last year and equal to the budget request) to move homeless persons and families to permanent housing. In addition, the Committee again includes a requirement that a minimum of 30 percent of the funds appropriated under this account be allocated to permanent housing and directs the Department to report to the Committee by March 15, 2004, on how it is ensuring that Shelter Plus Care grants are made to providers serving chronically disabled, chronically homeless people.

Housing for Special Populations: This account (total of \$1.03 billion for FY04) funds housing for the elderly under section 202 and housing for the disabled under section 811. These programs provide capital grants to eligible entities for the acquisition, rehabilitation, or construction of subsidized housing. The Committee recommends \$783.3 million for Elderly and \$250.5 million for Disabled Housing.

Federal Housing Administration: The Federal Housing Administration (FHA) fund covers the mortgage and loan insurance activity of about 40 HUD mortgage/loan insurance programs. The Committee recommends an insurance commitment limitation of \$185 billion for the FHA Mutual Mortgage Insurance and Cooperative Housing Mortgage Insurance (MMI/CHMI) fund, \$20 billion more than last year and the same as the budget request. The committee also recommends a limit on direct loans of \$50 million (\$50 million less than last year and equal to the Administration request), and appropriates \$359 million for administrative expenses (\$13 million more than last year and the same as the budget request) for the MMI account. For the General Insurance and Special Risk Insurance (GI/SRI) fund, the committee sets a \$50 million loan limitation for direct loans (same as last year and the budget request), a \$25 billion limitation on loan guarantees (same as the budget request and \$2 billion more than last year), and appropriates \$229 million for administrative expenses, \$7 million more than last year and the same as the budget request.

Government National Mortgage Corporation (Ginnie Mae): The recommendation sets a limitation of \$200 billion on new Ginnie Mae guarantees of privately-issued mortgage-backed securities. This amount is the same level as last year and the budget request. The Committee also has included \$10.7 million for administrative expenses, the same as the budget request and an increase of \$419,000 above the FY03 enacted level.

Environmental Protection Agency (EPA)

Total Funding: The Committee recommends a total of \$8.18 billion for FY 2004. Major changes from the Administration's request include funding for **Superfund**, which receives \$1.2 billion (\$125 million less than the President's request, and \$41 million more than FY 2003). The Committee notes that with the maturity of the Superfund program, many sites on the National Priority List are entering the final stages of the Superfund "pipeline" when site remediation and long-term response actions occur. The Committee is concerned that EPA is not dedicating enough funds to actual remediation and Superfund close-out activities (16 percent of EPA annual appropriation). Another major difference from the budget request includes the **State and Tribal Assistance Grants (STAG)**, which is funded at \$3.8 billion (\$692 million more than the budget request and \$21 million less than FY 2003).

Science and Technology: The Committee provides \$760.6 million for science and technology, a decrease of \$41 million from FY 2003, and a decrease of \$16 million from the budget request.

Environmental Programs and Management: This account includes the development of environmental standards; monitoring and surveillance of pollution conditions; direct federal pollution control planning; preparation of environmental impact statements; and compliance assurance. For these activities, \$2.22 billion is appropriated, an increase of \$122 million from last year, and the same as the budget request.

Oil Spill Response: Oil Spill Response receives \$16 million (same as the budget request and \$729,000 more than FY 2003).

Leaking Underground Storage Tank Trust Fund: The Leaking Underground Storage Tank Program receives \$73 million (same as the budget request and \$702,000 more than FY 2003).

National Aeronautics and Space Administration (NASA)

Total Funding: The bill provides \$15.3 billion for NASA, a decrease of \$130 million from the budget request and equal to the FY 2003 funding level. The Committee has modified the account structure as proposed under the budget request by NASA. The Committee has transferred the appropriate activities to reflect the two newly created accounts of Science, Aeronautics and Exploration, and Space Flight Capabilities. The Committee notes that both Congress and NASA must make a renewed commitment to safety as the highest priority in the NASA budget after the tragic loss of the Columbia astronauts. The Committee directs NASA to submit a comprehensive plan within four months of enactment of this Act that will respond to the Columbia Accident Investigations Board (CAIB) report. The Committee also notes that a replacement for the Space Shuttle must be considered a priority as part of any plan for a return to flight.

Space Flight Capabilities: Space Flight Capabilities (SFC) receives \$7.58 billion, an amount \$200 million below the President's request and \$1.42 billion above the related FY 2003 level. The SFC account provides for the Space Flight and Crosscutting Technology Programs. The Space Flight Program includes the International Space Station, the Space Shuttle Program, and Space and Flight Support. The Crosscutting Technology Program includes Space Launch Initiative, Mission and Science Measurement Technology, and Commercial Technology Partnerships.

Science, Aeronautics, and Exploration: The Committee recommends \$7.7 billion for the Science, Aeronautics and Exploration account, an increase of \$70 million above the President's request and \$1.4 billion below the related FY 2003 level. The Science, Aeronautics and Exploration (SAE) account provides funding for the Space Science, Earth Science, Biological and Physical Research, and Aeronautics and Education Programs.

Corporation for National and Community Service

Total Funding: The bill provides \$453 million for the Corporation's operating expenses, which constitutes an increase of \$100 million from FY 2003, but a decrease of \$113 million from the budget request.

AmeriCorps: This appropriation includes \$340 million for AmeriCorps (not including the National Civilian Community Corps), which is \$66.8 million above the FY 2003 level and \$93 million below the budget request. The Committee did not appropriate the full request due to the new funding procedures implemented after the submission of the budget request last fall, and the bill's requirements to reduce the Federal share of member costs. The Committee remains extremely concerned about the Corporation's mismanagement of the AmeriCorps program due to the over-approval of 22,000 members to the AmeriCorps program resulting in a suspension of the program. The Committee directs the Corporation to provide monthly reports to the Committees on Appropriations and the Corporation's Inspector General on the actual and projected year-end level of AmeriCorps membership, enrollment, usage, earnings, and the financial status of the National Service Trust fund.

Administration Position

No Statement of Administration Policy (SAP) was available at press time.

Cost

The Committee estimates the bill provides \$122.74 billion in discretionary and mandatory budget authority (\$90 billion in discretionary budget authority and \$32.71 billion in mandatory budget authority). Projected outlays for future years include: FY 2004 (\$77 billion); FY 2005 (\$22.21 billion); FY 2006 (\$8.91 billion); FY 2007 (\$5.02 billion); FY 2008 and future years (\$4.72 billion).

Possible Amendments

Bond. A substitute provision that requires the EPA to issue new national small engines pollution reduction requirements.

Graham and/or Rockefeller. Add \$1.8 billion to veterans' health care funding.

Mikulski. Increase funding for veterans medical care.

Mikulski. Increase funding for state revolving funds for sewer and drinking water improvement programs.
